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TYPES OF FOOD SERVICE OFFERED AND NUMBER OF OUTLETS IN THE FOOD SERVICE INDUSTRY

A PRELIMINARY REPORT

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PREFACE

Data in this report were derived from a survey of the market for food away from home, which is a joint effort of the U.S. Department of Agriculture's Economic Research Service and the food industry, spearheaded by the Institutional Foodservice Manufacturers Association, the National Restaurant Association, and the National Association of Food Equipment Manufacturers. For other selected statistics from this survey, see: Van Dress, Michael G., and William H. Freund. Survey of the Market for Food Away From Home--A Preliminary Overview of Basic Tabulations from Phase I of the Survey. U.S. Dept. Agr. Econ. Res. Serv. Unnumb. Rpt. 45 pp. May 1967.

This report makes available selected statistics on the number of establishments that constitute the away-from-home market for food, the kinds of business represented, and the types of food service offered.

A delineation of the industry in terms of number of kind-of-business establishments by their annual sales volume and types of food service offered is of immediate concern to producers, manufacturers, and distributors who serve this market.

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INTRODUCTION

The characteristics of establishments that comprise the food service industry are undoubtedly associated with demand for different types of goods and services used by this industry. The information in this report will be valuable to food producers and processors, equipment and supply manufacturers, and distributors of products and services in more effectively meeting the needs of the food service industry.

PROCEDURE

The data in this report are from Phase I of a two-phase national survey.

Phase I

This part of the survey was an examination of the structure of the industry and the economic and physical characteristics of establishments which comprise it.

Data were collected through personal interviews during August and September 1966 from representatives of over 6,000 food service operations selected from a stratified national and regional area probability sample frame. All operators in the areas selected were asked to participate in the survey except those associated with elementary and secondary schools, the military services, correctional institutions, commercial passenger carriers, Federal hospitals, and boarding houses. Information relating to the establishment's location, size, customers, persons working on the premises, menu specialty, number of years in operation, type of ownership, food procurement practices, methods of ordering, frequency of deliveries, and types of food service equipment and nonfood supplies are examples of the data collected.

Phase II

Data collection is scheduled to begin this fall and continue for 1 year. During this part of the study, detailed information will be gathered on the quantities of food received by approximately 3,600 restaurants and other institutional food service outlets by product form, container size, and price.

DEFINITIONS

The food service industry comprises a highly diversified group of eating places serving an extremely complex market. A discussion of this industry is further complicated by a lack of generally acceptable and commonly understandable terminology.

Establishments in the survey had one or more food service operations. A food service operation is an eating place that was classified in the 1963 Census of Business as a Standard Industrial Classification (SIC) code 5812, or one that provides food service at tables or counters, in rooms, or cars for on-premise or immediate consumption. It has its own food preparation area and records of food received. If two or more places did not have separate food records or if they used a food preparation area or kitchen in common, they were treated as one food service operation with data for each aggregated on the same data collection form.

A separate eating place is defined as an establishment that does not operate as a subordinate facility of another kind of business and whose primary function is the sale of food for on-premise or immediate consumption. A food service operation that is subordinate to another major business is classified according to the major business of the establishment, such as a drug store, a hotel, a hospital, and so forth. A separate eating place rarely has more than one food service operation.

RESULTS

Kind of Business

Preliminary evaluation of the survey data shows that there were about 371,000 establishments that provided away-from-home food service (table 1). In almost 70 percent of these establishments, the annual retail value of food and nonalcoholic beverages served was less than $50,000.

Nearly 93 percent of all these establishments were classified as public eating places. The remaining 7 percent were institutions, including hospitals; rest homes; homes for children, the aged, handicapped, or mentally ill; colleges and universities, and so forth.

The category, separate eating places, was most important of the kinds of business that constituted this industry in terms of number of establishments. They accounted for about 59 percent of the public and 54 percent of all public and institutional establishments combined.

Type of Food Service

The more common types of food service included table or booth, counter, cafeteria, drive-in, and carry-out. When two or more types were offered, establishments were classified by the type of service considered most important by the operator. This became the establishment's primary type. If the operator was uncertain as to the primary type of food service offered, he was asked to indicate the type which produced the greatest sales. Primary type of food service was tabulated only for separate eating places.

Table or booth is the primary type of food service for more than 100,000 or about half of all separate eating establishments (table 2). Another 60,000 separate eating places offer table or booth service, although this is not their primary food service (table 3). Counter service ranks next to table and booth as a primary type of food service. Counter service is the primary type offered by 46,000 separate eating places, but nearly 133,000 make this type of service available. Similarly, drive-in service is the primary food service of about 25,000 separate eating places, although 33,000 offer this type of food service.

Food services available in public eating establishments and institutions are shown in table 4. More than 293,000 or 79 percent of all public eating places and institutions offer table or booth service; 230,000, counter service; 171,000, carry-out service; 36,000, drive-in service; 25,000, cafeteria; and 88,000, other types of service not mentioned, such as automat, catering and banquet, vending, and room service.

Food service operations which are subordinate facilities of institutions generally offer only the type or types of food service that are peculiar to the needs of the institution. For example, room service is provided by practically all hospitals and by a high proportion of sanatoriums, convalescent or rest homes, and homes for the aged, handicapped, or mentally ill. This type of service is included under "other" types of food service in table 4. The incidence of table or booth and cafeteria service indicates that a substantial proportion of hospitals offer at least two types of food service.

Cafeteria service is the major type of food service provided by colleges, universities, and professional or normal schools. For the 2,766 institutions of this type that provide food service, there are 3,263 cafeteria service operations, indicating that some establishments had 2 or more food service operations that provided cafeteria service.

Among all kinds of business that comprise the institutional market, there appears to be a rather high incidence of multiple food service operations, each providing one or more types of food service. In colleges, for example, in addition to the cafeteria service operations, there are about 2,500 table or booth service operations, 1,200 counter, and 400 carry-out service operations.

Table 1.--Number of public eating establishments and institutions with food service by kind and size of business, United States, 1966 1/

Kind of business	Establishments or institutions with gross food sales of --					Total
	Less than $20,000	$20,000-$49,999	$50,000-$99,999	$100,000-$299,999	$300,000 and over	
	Number					
Separate eating places	57,696	69,632	39,455	29,411	5,540	201,734
Separate drinking places	33,329	14,445	2,785	914	174	51,646
Drug or proprietary stores	6,006	4,535	1,226	245	0	12,013
Retail stores	9,690	8,188	3,149	1,502	291	22,820
Hotels, motels, or tourist courts	5,415	4,386	2,640	2,596	1,522	16,558
Recreation or amusement places	9,365	5,682	2,591	1,727	45	19,411
Civic, social, or fraternal associations	2,510	871	461	461	51	4,355
Factories, plants, or mills	2,346	1,989	918	1,224	306	6,784
Other public eating places	4,374	1,731	1,048	957	319	8,429
Total public eating establishments	130,731	111,460	54,273	39,037	8,248	343,749
Hospitals	598	1,241	1,104	2,069	920	5,931
Sanatoriums, convalescent or rest homes	1,854	2,096	685	363	121	5,118
Homes for children, or the aged, handicapped, or mentally ill	1,421	1,421	732	345	172	4,092
Colleges, universities, professional or normal schools	230	115	519	922	980	2,766
Other institutions	6,969	1,876	447	268	179	9,738
Total institutions	11,072	6,750	3,486	3,966	2,371	27,645
Grand total	141,803	118,210	57,759	43,003	10,619	371,394

1/ Preliminary

Table 2.--Number of separate eating places by primary type of food service offered and size of business, United States, 1966 1/

Primary food service	Separate eating places with gross food sales of--					
	Less than $20,000	$20,000-$49,999	$50,000-$99,999	$100,000-$299,999	$300,000- and over	Total
	Number					
Table or booth	21,034	34,726	20,989	19,637	3,918	100,304
Counter	23,106	16,079	4,774	2,072	180	46,211
Cafeteria	495	1,892	1,396	1,171	721	5,675
Drive-in	5,990	8,468	6,711	3,333	360	24,862
Carry-out or pantry	6,576	7,882	4,909	2,387	90	21,844
Other, including unspecified	495	586	676	811	270	2,838
Total	57,696	69,632	39,455	29,411	5,540	201,734

1/ Preliminary

Table 3.--Food service operations in separate eating places: Number offering specified food services, and number for which specified services are primary, United States, 1966 1/

Food service	Total number of operations offering the service	Number of operations offering it as their primary service
	Number	Number
Table or booth	160,438	100,304
Counter	132,609	46,211
Cafeteria	7,528	5,675
Drive-in	33,208	24,862
Carry-out or pantry	115,555	21,844
Other, including unspecified	34,544	2,838

1/ Preliminary

Table 4.--Food service operations in public eating establishments and institutions: Number offering selected types of food service, United States, 1966 1/

Kind of business	Table or booth	Counter	Cafeteria	Drive-in	Carry-out or pantry	Other
	Number					
Separate eating places	160,438	132,609	7,528	33,208	115,555	34,544
Separate drinking places	48,517	33,173	471	600	18,686	5,528
Drug or proprietary stores	6,371	11,565	0	121	7,507	1,014
Retail stores	11,108	19,476	1,173	1,211	11,696	3,011
Hotels, motels, or tourist courts	16,401	8,532	532	129	5,324	9,211
Recreation or amusement places	12,717	13,369	770	523	5,529	6,823
Civic, social, or fraternal associations	4,103	1,612	551	96	1,071	2,194
Factories, plants, or mills	3,671	439	3,112	0	957	5,028
Other public eating places	6,278	5,719	1,161	344	2,709	2,279
Total public eating establishments	269,608	226,495	15,301	36,235	169,037	69,636
Hospitals	4,435	1,631	3,952	0	628	6,080
Sanatoriums, convalescent or rest homes	3,981	39	527	0	0	4,734
Homes for children, or the aged, handicapped, or mentally ill	3,369	42	941	0	85	3,152
Colleges, universities, professional or normal schools	2,489	1,217	3,263	0	387	1,991
Other institutions	9,205	953	1,339	0	932	2,047
Total institutions	23,482	3,884	10,024	0	2,033	18,005
Grand total	293,090	230,379	25,325	36,235	171,071	87,642

1/ Preliminary